GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:2588
ANSWERED ON:07.03.2003
NON-BANKING FINANCIAL INSTITUTIONS
PRABODH PANDA

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) the number of non-banking financial institutions functioning in the country, State-wise;

(b) whether the Government have received reports on various irregularities being committed by non-banking financial institutions during the last three years;

(c) if so, the details thereof, State-wise;

(d) whether the Government propose to set up a High Powered Committeeto monitor the routine work of non-banking financial institutions and to stop irregularities in the NBFI; and

(e) if so, the details thereof ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO V. ADSUL)

(a):- The number of Non-Banking Financial Institutionsfunctioning in the country, state-wise as on 31.1.2003 as reported by Reserve Bank of India (RBI) are given in the Annexure.

(b) & (c):- RBI have reported that they have come across certain cases of non- payment/delay in repayment of public deposits.

RBI have filed Winding up Petitions and prosecution proceedingsagainst Non-Banking Finance Companies (NBFCs) in various High Courts.

The State-wise information is being collected and will be laid on the Table of the House.

(d) & (e) :- There is no such proposal under consideration of the Government at present.

However, Comprehensive regulatory framework has been put in place which is aimed at protecting the interests of the depositors and ensuring that NBFCs function onsound and healthy lines. The regulatory framework includes, inter-alia, compulsory registration, maintenance of liquid assets, transfer of at least 20% of net profit to reserve fund and empowering RBI to issue directions to NBFCs. RBI takes various actions against errant NBFCs for various defaults and contravention of provisions of RBI Act and directions issued thereunder. Government has introduced Financial Companies Regulation Bill, 2000 in the Lok Sabhaon 13th December, 2000. The Bill has been referred to Standing Committee on Finance by the Hon`ble Speaker, Lok Sabha.

Annexure

State Number of Non- Banking Finance Companies

Andhra Pradesh	388
Arunachal Pradesh	-
Assam	142
Bihar	32
Chandigarh	97
Chattisgarh	17
Goa	14
Gujarat	410
Haryana	82
Himachal Pradesh	22
Jammu & Kashmir	72
Jharkhand	18
Karnataka	201
Kerala	174
Madhya Pradesh	132
Maharashtra	1721

Manipur	
Meghalaya	03
Mizoram	
Nagaland	02
New Delhi	2403
Orissa	20
Pondicherry	09
Punjab	434
Rajasthan	175
Tamil Nadu	624
Tripura	
Uttar Pradesh	340
Uttaranchal	22
West Bengal	6319
Total	13,873